

GCE AS

WJEC Eduqas GCE AS in ECONOMICS

ACCREDITED BY OFQUAL

SPECIFICATION

Teaching from 2015
For award from 2016

Version 2 January 2019

SUMMARY OF AMENDMENTS

Version	Description	Page number
2	'Making entries' section has been amended to clarify resit rules.	20

WJEC Eduqas GCE AS in Economics

For teaching from 2015
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AS Economics

SUMMARY OF ASSESSMENT

Component 1: Introduction to Economic Principles

Written examination: 1 hour

40% of qualification

Compulsory short answers and structured questions covering all AS content

Total marks 60

Component 2: Exploring Economic Issues

Written examination: 2 hours

60% of qualification

Compulsory data response questions covering all AS content

Total marks 80

This linear qualification will be available in the summer series each year. It will be awarded for the first time in summer 2016.

Qualification Accreditation Number: 601/4104/9

AS ECONOMICS

1 INTRODUCTION

1.1 Aims and objectives

The WJEC Eduqas AS in Economics encourages learners to:

- develop an interest in and enthusiasm for the subject
- appreciate the contribution of economics to the understanding of the wider economic and social environment
- develop an understanding of a range of concepts and an ability to use those concepts in a variety of different contexts
- use an enquiring, critical and thoughtful approach to the study of economics and an ability to think as an economist
- understand that economic behaviour can be studied from a range of perspectives
- develop analytical and quantitative skills, together with qualities and attitudes which will equip them for the challenges, opportunities and responsibilities of adult and working life.

This specification provides learners with a coherent combination of microeconomic and macroeconomic content that will develop an understanding of economic concepts and theories through a critical consideration of current economic issues, problems and institutions that affect everyday life.

Learners will have the opportunity to apply economic concepts and theories using a range of contexts and to appreciate their value and limitations in explaining real-world phenomena. Learners will develop analytical and quantitative skills in selecting, interpreting and using appropriate data from a range of sources.

1.2 Prior learning and progression

There are no prior learning requirements. Any requirements set for entry to a course following this specification are at the discretion of centres. It is reasonable to assume that many learners will have achieved qualifications equivalent to Level 2 at KS4. Skills in Numeracy/Mathematics, Literacy/English and Information Communication Technology will provide a good basis for progression to this qualification.

Some learners will have already gained knowledge, understanding, and skills through their study of economics at GCSE.

Quantitative skills are specified in the subject criteria and repeated in Appendix A of this specification.

This specification provides a suitable foundation for the study of economics at A level. In addition, the specification provides a coherent, satisfying and worthwhile course of study for learners who do not progress to further study in this subject.

This specification is not age specific and, as such, provides opportunities for candidates to extend their life-long learning.

1.3 Equality and fair assessment

This specification may be followed by any learner, irrespective of gender, ethnic, religious or cultural background. It has been designed to avoid, where possible, features that could, without justification, make it more difficult for a learner to achieve because they have a particular protected characteristic.

The protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The specification has been discussed with groups who represent the interests of a diverse range of learners, and the specification will be kept under review.

Reasonable adjustments are made for certain learners in order to enable them to access the assessments (e.g. candidates are allowed access to a Sign Language Interpreter, using British Sign Language). Information on reasonable adjustments is found in the following document from the Joint Council for Qualifications (JCQ): *Access Arrangements and Reasonable Adjustments: General and Vocational Qualifications*.

This document is available on the JCQ website (www.jcq.org.uk). As a consequence of provision for reasonable adjustments, very few learners will have a complete barrier to any part of the assessment.

2 SUBJECT CONTENT

This AS in Economics provides a coherent combination of microeconomic and macroeconomic content. Learners will develop an understanding of economic concepts and theories through critical consideration of current economic issues, problems and institutions that affect everyday life, drawing on local, national and global contexts.

Learners will be expected to understand microeconomic and macroeconomic market models, using the models to explore current economic behaviour and make causal connections. Learners will be required to develop a critical approach to economic models and methods of enquiry.

Learners will develop analytical and quantitative skills in selecting, interpreting and using appropriate data from a range of sources applied in the context of AS Economics as listed in Appendix A.

The knowledge, understanding and skills are set out in three columns in the pages which follow. The topic to be studied is in the first column with amplification in the second column and further guidance, where needed, in the third column. There is no hierarchy implied by the order in which the content and amplification are presented, nor should the length of the various sections be taken to imply any view of their relative importance.

The subject content for AS Economics will be assessed across two examination papers.

Component 1: Introduction to Economic Principles

Written examination: 1 hour

40% of qualification

Component 2: Exploring Economic Issues

Written examination: 2 hours

60% of qualification

Microeconomics

Learners are required to understand that economics is a study of scarce resources and how those resources are allocated to various uses in a market economy. Learners will also be required to understand the economic behaviour of consumers, producers and governments. Learners need to be aware of the assumptions of the model of supply and demand and explain the way it works using a range of techniques. Learners need an understanding of the benefits of markets and how they work and the reasons why they may fail.

Learners will need to study the content areas below:

- Scarcity and choice
- Demand and supply in product markets
- Demand and supply in labour markets
- Resource allocation
- Market failure.

Scarcity and choice

Content	Amplification	Additional guidance notes
Scarcity, choice and opportunity cost	Define and illustrate the concepts of scarcity, choice and opportunity cost for society, individuals and the government	Learners should understand that these concepts show that all economies have to decide what, how and for whom to produce and understand the difference between economic goods and free goods
Production possibility frontiers (PPFs)	<p>Use production possibility frontier diagrams to depict choice, opportunity cost, short and long term economic growth and efficiency</p> <p>Understand movements along and shifts in PPFs</p> <p>Understand why the PPF is usually drawn concave to the origin because of imperfect factor substitution and why a straight line PPF is an indication of perfect factor substitutability of resources</p> <p>Explain factors which may shift the PPF inwards or outwards</p> <p>Relate long-term economic growth and changes in productivity to outward or skewed shifts in an economy's PPFs</p>	<p>Learners will need to understand the concept of increasing opportunity cost at the margin as output increases</p> <p>Learners should be able to understand the link between PPFs and economic potential as shown by the long run aggregate supply curve</p>
Specialisation, division of labour and exchange	<p>Understand the advantages and disadvantages of specialisation</p> <p>Define productivity and explain how it may be increased by the use of specialisation and other factors</p>	Learners should understand the importance of specialisation at the individual and national level

Demand and supply in product markets

Content	Amplification	Additional guidance notes
Factors influencing demand and supply in product markets	<p>Define a product market</p> <p>Explain the objectives of economic agents; that firms seek to maximise profits and consumers seek to maximise satisfaction/utility</p> <p>Understand the importance of marginal utility in the derivation of demand curves</p> <p>Identify the main influences on demand and supply in product markets</p> <p>Understand why demand curves normally slope downward from left to right</p> <p>Understand why supply curves will normally slope upward from left to right, for example producers will be able to make higher profits at higher prices and that higher levels of output mean increased marginal costs in the short run</p>	<p>Knowledge of indifference analysis will not be required</p> <p>Learners should be aware that firms and consumers are assumed to behave rationally</p> <p>Learners should understand the concept of diminishing marginal utility. Understanding the law of equi-marginal returns is not required</p> <p>Learners should have a basic understanding of the substitution and income effects of a price change</p> <p>Learners should be aware of the assumption that firms are price takers in this analysis of the supply curve</p>
The determination of equilibrium price and output in a freely competitive market	<p>Illustrate, using diagrams, equilibrium price and output situations in product markets</p> <p>Explain effects on price and output of shifts in demand and supply curves</p>	<p>Learners should be able to understand the reasons for movements along and shifts of demand and supply curves</p>
Consumer and producer surplus	<p>Define, explain and illustrate, using diagrams, consumer surplus and producer surplus</p>	<p>Learners should be aware that consumer surplus and producer surplus are jointly maximised at the free market equilibrium</p> <p>Learners should be able to calculate the value of consumer and producer surplus, for example calculating the area of a triangle from the figures given on a diagram</p>

<p>Price, income and cross price elasticities of demand, price elasticity of supply</p>	<p>Understand the meaning of the terms price, income and cross price elasticities of demand and price elasticity of supply</p> <p>Explain the relationship between price elasticity of demand and total revenue</p> <p>Use the concept of income elasticity to distinguish between normal and inferior goods</p> <p>Apply the concept of elasticity to economic contexts for instance in the incidence of taxation and the incidence of subsidies</p>	<p>Learners should be able to define, calculate and interpret numerical values of elasticity</p> <p>Learners should be aware of the factors which influence price, income and cross elasticities of demand and price elasticity of supply</p> <p>Learners should understand that price elasticity of demand varies along a straight line downward sloping demand curve</p> <p>Learners should be able to evaluate the extent to which knowledge of price elasticity of demand and supply are important to decision-making in firms and government</p>
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Demand and supply in labour markets

Content	Amplification	Additional guidance notes
Wage determination	<p>Identify the main influences on demand and supply in labour markets</p> <p>Understand determinants of the elasticity of the demand and supply of labour</p> <p>Understand the causes and implications of wage differentials</p>	<p>Knowledge of marginal revenue product theory is not required</p> <p>Knowledge of the factors which cause shifts in the demand and supply curves of labour is required, illustrated by the use of diagrams</p>
Labour market issues	<p>Understand the factors which affect flexibility in labour markets, for example trade union power, regulation, welfare payments and income tax rates</p> <p>Evaluate the effects of the statutory national minimum wage on labour markets</p> <p>Explain the impact of migration on labour markets</p>	<p>Learners should understand the links between issues in the labour market and supply side performance in the economy</p> <p>Learners should understand the impact of the national minimum wage on economic agents and the wider economy</p> <p>Learners should be able to illustrate this through the use of diagrams</p>

Resource allocation

Content	Amplification	Additional guidance notes
How resources are allocated in a free market economy	<p>Understand the role of profit and the function of prices in allocating resources to different uses</p> <p>Understand that changes in one market affect other markets, for instance interrelationships between factor and product markets</p>	<p>Learners should be aware of the main assumptions upon which free markets operate, such as a large number of buyers and sellers, perfect information</p> <p>Learners should understand that in reality economic agents do not always behave rationally</p>

Market failure

Content	Amplification	Additional guidance notes
Understanding market failure	<p>Define market failure and have an understanding of efficiency i.e. the maximisation of consumer/producer surplus at the free market equilibrium output</p> <p>Understand that market failure may take many forms, including</p> <ul style="list-style-type: none"> • public goods • merit and demerit goods • externalities • information asymmetries and gaps • an absence of private property rights • income inequality • volatile prices <p>Appreciate the reasons for, and the consequences of each source of market failure for economic agents</p>	<p>Learners should be able to distinguish between public goods and private goods</p> <p>A diagrammatic approach to external costs and benefits is not required, but learners should understand that market failure implies that welfare/community surplus is no longer maximised</p>
Why and how governments intervene in markets	<p>Explain why and how governments intervene in markets, for instance to correct market failure and reduce income inequality</p> <p>Evaluate government intervention policies</p>	<p>Governments may intervene by using policies, such as taxation (specific and ad valorem taxes), subsidies, state provision and regulation, minimum and maximum prices, use of prices, for example road pricing and tradeable pollution permits</p> <p>Simple demand and supply diagrams should be used</p> <p>Learners should be able to link policies to the reduction of income inequality, for example progressive taxation and the benefits system, price stabilisation and guaranteed minimum price schemes in agriculture and the national minimum wage</p>
The effects of government intervention	<p>Explain that in certain cases government intervention can create distortions in markets, for example in agriculture, housing and labour markets</p> <p>Understand the reasons for government failure and be able to evaluate its effects</p>	<p>Learners should be aware of distortions in markets and examples of government failure</p>

Macroeconomics

Learners are required to understand the use of economic models to develop a critical understanding of macroeconomic issues. Learners must develop an awareness of the historical context of economic ideas and theories and understand government objectives and policies as they relate to stability and growth in local, national and global terms.

Learners need to understand and evaluate the different policy options used by governments.

Learners should have an awareness of major economic issues that have taken place since 1990 to the present day.

Learners will need to study the content areas below:

- Macroeconomic theory
- Macroeconomic objectives
- Policy instruments
- International trade.

Macroeconomic theory

Content	Amplification	Additional guidance notes
The circular flow of income model	<p>Explain the flows in the circular flow model and understand that they should be equal (income=output=expenditure)</p> <p>Explain injections into and withdrawals from the circular flow</p> <p>Use the model to explain the concept of national income equilibrium and to explain how changes in injections and withdrawals might lead to changes in the equilibrium level of national income, and hence explain the multiplier process</p>	<p>Learners should be able to explain the differences between GDP and GNP</p> <p>Learners will not be required to calculate the multiplier</p>
The components of aggregate demand (AD)	<p>Define the components of aggregate demand: consumption, investment, government spending and net exports (exports minus imports)</p> <p>Explain the factors which affect the levels of consumption and investment in the economy</p>	<p>Learners should explain the importance of factors such as, income and profit, wealth, interest rates, expectations and taxation</p> <p>Knowledge of the Keynesian theory of the consumption function, the marginal efficiency of capital and the accelerator effect are not required</p>
The AD function	<p>Understand why an AD function will slope downward from left to right</p> <p>Understand that changes in the components of AD can cause the function to shift</p>	<p>Learners are expected to explain at least one of the following; the real balance effect, the trade effect and the interest rate effect</p>
The aggregate supply (AS) function	<p>Understand the shape of the Keynesian long run aggregate supply (LRAS) curve</p> <p>Understand the factors which might result in a shift in LRAS</p>	<p>Learners are expected to realise that the LRAS is vertical at the full employment level of output</p> <p>These include; changes in the quantity, quality and efficiency of use of factors of production, changes in the state of technology and changes in factor market flexibility</p> <p>Learners should understand how changes in policy instruments may be used to bring such shifts about</p>
AD/AS analysis	<p>Illustrate and explain how AD and AS interact to determine the equilibrium level of output, employment and prices in the long run</p>	<p>Diagrammatic analysis is required</p>

Macroeconomic objectives

Content	Amplification	Additional guidance notes
Government policy objectives	Explain the main macroeconomic objectives and possible conflicts between policy objectives	<p>Learners should understand why governments have attempted to achieve low inflation, low levels of unemployment, sustainable economic growth and equilibrium in the current account of the balance of payments</p> <p>Learners should be able to calculate and interpret index numbers</p>

Policy instruments

Content	Amplification	Additional guidance notes
Fiscal policy		
Framework	<p>Understand the overall purpose and structure of the budget</p> <p>Analyse the possible impact of changes in tax and spending on the economy using AD/AS diagrams and the Laffer curve</p>	<p>Learners should be aware of the major areas of government expenditure and sources of revenue</p> <p>Learners should be able to explain the differences between current expenditure and capital expenditure and between direct and indirect taxes and their relative desirability</p>
Demand side fiscal policy	<p>Explain how Keynesian economists believe that fiscal policy can and should be used to control the level of aggregate demand in the economy under certain circumstances</p>	<p>Learners should be able to illustrate this idea using AD/AS diagrams</p> <p>Learners should be able to evaluate the use of demand side fiscal policy in terms of both its effectiveness and possible side effects, for example on the public sector debt</p>
Supply side fiscal policy	<p>Explain that fiscal policy can be used to achieve policy objectives by operating on the supply side in the longer term. Examples might include influencing incentives to work and to invest, improving infrastructure</p>	<p>Learners should be able to evaluate the effectiveness of these types of policy</p>
Monetary policy		
Framework	<p>Understand the role of the Bank of England in creating monetary and financial stability, and its status as lender of the last resort</p> <p>Understand the purpose of the Bank's inflation target, its symmetrical nature and any other objectives that the Bank may be required to pursue</p>	
The operation of monetary policy and monetary stability	<p>Interest rates</p> <p>Understand how changes in interest rates may be used to achieve the Bank's objectives and the factors the Bank is likely to take into account when setting base interest rates</p> <p>Understand how interest rate changes can impact the both real economy and inflation</p> <p>Discuss the extent to which changes in interest rates are likely to affect the exchange rate</p>	<p>Learners should be able to evaluate the likely impact of changes in interest rates and the overall effectiveness of interest rate control as a policy tool</p> <p>Learners should be able to use AD/AS diagrams to support their analysis and evaluation</p>

<p>Exchange rates and exchange rate policy</p> <p>Exchange rates in a free market</p> <p>Exchange rate policy</p>	<p>Explain that in a free-float system, the exchange rate will be determined by the forces of supply and demand</p> <p>Use supply and demand diagrams to analyse and evaluate the factors which might cause exchange rates to appreciate or depreciate</p> <p>Evaluate the possible impacts of changes in exchange rates on the policy objectives</p> <p>Evaluate the microeconomic effects of exchange rate changes on households and firms</p> <p>Understand how monetary authorities can influence the value of an exchange rate in a floating system (a ‘managed’ or ‘dirty’ float)</p> <p>Evaluate the advantages and disadvantages of policies which hold exchange rates artificially above or below their free market levels</p>	<p>Learners should understand that demand for a currency is equal to exports plus capital inflows, whilst supply is equal to imports plus capital outflows</p> <p>Such factors may include interest rates, trade flows, confidence, safe haven issues and speculation</p> <p>Learners should be able to use AD/AS diagrams to support their analysis</p>
<p>Supply side policies</p>	<p>Understand what is meant by supply side policies and understand how they can be used to try to increase trend growth/LRAS in the economy as well as the flexibility of product and factor markets</p>	<p>Learners should be able to evaluate supply side policies in terms of both their effectiveness and possible side effects</p> <p>Learners should be able to analyse and evaluate the impact of supply side policies using AD/AS analysis and PPFs</p>

International Trade

Content	Amplification	Additional guidance notes
Free trade and protectionism	<p>Evaluate the benefits and costs of free trade</p> <p>Describe the main forms of protection; tariffs, quotas and other barriers</p> <p>Evaluate the benefits and costs of protectionism</p>	<p>Theoretical knowledge of comparative advantage is not required</p> <p>The effect of a tariff should be shown diagrammatically</p> <p>Institutional knowledge of the single market and the WTO are not required</p>

3 ASSESSMENT

3.1 Assessment objectives and weightings

Below are the assessment objectives for this specification. Learners must demonstrate their ability to:

AO1

Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.

AO2

Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.

AO3

Analyse issues within economics, showing an understanding of their impact on economic agents.

AO4

Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

The table below shows the weighting of each assessment objective for each component and for the qualification as a whole.

	AO1	AO2	AO3	AO4
Component 1	9-11%	15-17%	6-8%	6-8%
Component 2	18-20%	10-12%	14-16%	14-16%
Overall weighting	28-30%	26-28%	21-23%	21-23%

4 TECHNICAL INFORMATION

4.1 Making entries

This is a linear qualification in which all assessments must be taken at the end of the course. Assessment opportunities will be available in the summer series each year, until the end of the life of this specification. Summer 2016 will be the first assessment opportunity.

A qualification may be taken more than once. Candidates must resit all examination components in the same series.

The entry code appears below.

WJEC Eduqas AS Economics: B520QS

The current edition of our *Entry Procedures and Coding Information* gives up-to-date entry procedures.

4.2 Grading, awarding and reporting

AS qualifications are reported as a grade on the scale from A to E. Results not attaining the minimum standard for the award will be reported as U (unclassified).

AS qualifications are free-standing and are awarded in their own right. Assessments at AS cannot contribute to an A level grade.

APPENDIX A

Quantitative Skills in Economics

In order to develop their skills, knowledge and understanding in economics, learners need to have acquired competence in the quantitative skills that are relevant to the subject content, including being able to:

- calculate, use and understand ratios and fractions
- calculate, use and understand percentages and percentage changes
- understand and use the terms mean, median and relevant quantiles
- construct and interpret a range of standard graphical forms
- calculate and interpret index numbers
- make calculations of elasticity and interpret the result
- interpret, apply and analyse information in written, graphical and numerical forms.

The assessment of quantitative skills includes at least level 2 mathematical skills as a minimum of 15% of the overall AS marks. These skills may be assessed across the assessment objectives.